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CENTRAL INTELLIGENCE AGENCY

18 November 1948

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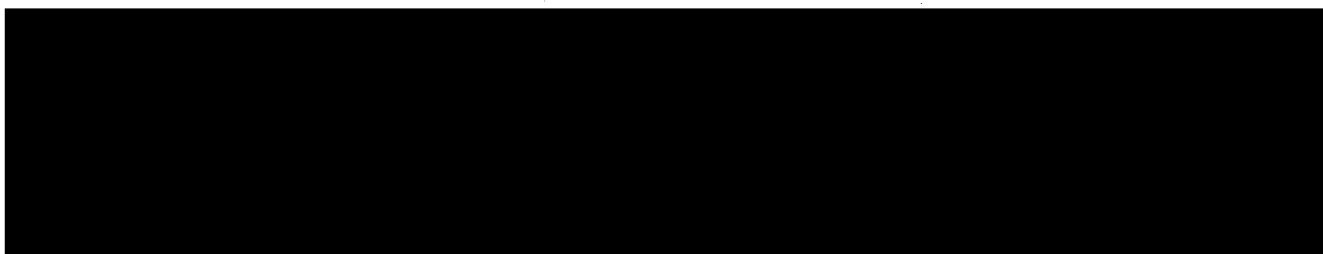
CIA COMMENTS ON SANACC SUB-COMMITTEE NEAR/MIDDLE EAST
"APPRAISAL OF U.S. MILITARY, POLITICAL
AND ECONOMIC INTERESTS IN SOUTH ASIA"

General Comments

This is an excellent presentation of what has been up to now a much neglected subject. The basic recommendation, for a thoroughgoing study of US objectives in the South Asia region and of the specific means which can be used for their accomplishment, is a sound one, though it should be pointed out that the close political, economic, and geographic relationships which exist between components of the South Asia region and the countries to the east make it important that such a study be integrated with a similar consideration of the Southeast Asia region. Burma, in particular, is so closely related to the other countries of Southeast Asia (especially Siam, Indochina, and Indonesia) as to make a South Asia regional concept including Burma a sometimes rather artificial one.

In addition to its comments on various individual passages of the paper (listed below under "Specific Comments"), CIA feels that the

25X6A following general comments are pertinent:



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DOCUMENT NO. 001
NO CHANGE IN CLASS. ☐
DECLASSIFIED
NEXT REVIEW DATE: 14 NOV 77
AUTH: HR 70-2
REVIEWER: 035272
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2. Overemphasis of military aspects.

While it is recognized that the military aspects of aid to southern Asia are important, it is believed that the report overemphasizes the role of military aid as distinguished from economic and educational assistance. The basic requirement of the countries of southern Asia, once law and order have been established, is the development of economic stability. This stability cannot be achieved primarily through the development of the armed forces (which, moreover, are not expected, except in the case of India, to play a large part in defense against a major power). On the other hand, it is possible that economic stability can be brought closer through US-supported efforts to increase industrial production, introduce more efficient methods of agriculture, and increase the standard of living; such US help and cooperation would do much to strengthen South Asian friendship for the US and its people. Consequently, it is considered that an intelligent, integrated program

-2-

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for economic aid and technical information should take precedence over--
or at least be instituted concurrently with--any plans for military
assistance.

3. Intra-regional conflicts.

While the paper recognizes that local conflicts add to the
problem of how to extend US aid, and especially military aid, to the
South Asian countries it does not emphasize the gravity of the situa-
tion. Furnishing arms to the several governments at this time may
only create more upheaval. If the US supplied Pakistan and India with
the military equipment desired by these states, the arms thus furnished
would undoubtedly be used in the military struggle now going on in
Yashmir. Likewise arms furnished to Afghanistan might be employed in
border disputes with Pakistan. By supplying military or even semi-
military equipment to any of these countries at the present time, the
US might easily gain the enmity of one or more of the other governments
concerned. Only after some semblance of accord has been achieved (and
such settlements might be given high encouragement by the US) can the
security forces of these countries be strengthened on a regional level.

4. The manner in which aid is provided.

The report properly emphasizes that, in formulating US policies
for South Asia and in planning their implementation, proper weight be
given to the inexperience, jealousies, and sensitivity of the countries
concerned. In addition to guarding against charges of favoritism, however,

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the US must take into account the fact that the press of the region frequently voices fear of US "dollar-aggression," i.e., the fear that the US seeks domination through economic infiltration. This fear, if unchecked, may encourage the governments of South Asia to adopt policies of political neutrality and independent industrial development without foreign assistance, or even to accept Soviet assistance. It is therefore recommended that the problem of presenting an aid program, both through diplomacy and through accompanying education and propaganda directed at the population at large, be seriously and carefully considered. There is a strong possibility that a US aid program would defeat its own purposes if accompanied by requests for extensive concessions or the injudicious assumption that the countries receiving US aid would automatically follow all the dictates of US foreign policy.

5. Industrial War Potential.

The potential contributions which the South Asian countries can make to an East-West conflict are of tremendous significance and are recognized as such by the paper. However, it might be appropriate to inject a note of caution when considering India's industrial potential for war, particularly now that the British have withdrawn. While India has established a few modern industries (notably steel) and has developed competent technicians and skilled laborers in those industries, India cannot, without considerable material and technical aid from the outside, set up and operate new and complicated precision equipment to turn out the instruments needed for modern war. The speed with which and the extent to which India could aid the West would depend upon India's

-4-

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willingness to enter such a war and to accept Western guidance. The ability of India's population to contribute will rest in part on the extent to which social and economic improvements have been achieved over and above the current status. Other South Asian countries lack sufficient acquaintance with industry and basic industrial installation to be able to contribute significantly on this level.

-5-

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SPECIFIC COMMENTS

1. Page 4, lines 7-9: These lines are misleading. Soviet influence has been and continues to be negligible in Afghanistan.
2. Page 6, lines 14-15: The phrase "which may well invite Soviet claims to Afghan territory" should be deleted. This assumption does not follow from the previously presented facts nor is it in accord with the fact that in October 1948, after two years of work on the part of the Afghan-Soviet Border Commission, both governments accepted its recommendations.
3. Page 6, par. 2: In the case of Burma this situation (i.e. political upheaval) is also due to ineptitude, the trend toward nationalization, and the desire to eliminate foreign influence.
4. Page 8, lines 8-9: Despite reports of a possible "shift in major Kremlin efforts toward the East" CIA on the basis of its current analysis of Soviet activity does not believe such a shift has occurred.
5. Page 8, par. 2: CIA has one report from a "generally reliable" source that Burma has requested arms from Czechoslovakia after being turned down by the US. This may be added to the list of Soviet and Satellite agreements noted.
6. Page 8, par. 2: CIA has no reports which confirm the existence of a Cominform branch for Southeast Asia. It is presumed, however, that the USSR is exerting its influence in Southeast Asia through its Legation in Bangkok and its Embassy in India.
7. Page 10: Importance of South Asia to US National Interest. The contribution of this area to the European recovery program might be stressed as adverse conditions in this area could directly retard Western Europe recovery.
8. Page 12, line 2: CIA considers "upwards of 20,000,000 recruits" as too optimistic. Most of the inhabitants of South Asia are unsuited for active service in a modern army.
9. Page 14, Table: The following corrections and additions should be made. Cadmium is not available in Burma. Tungsten is available in Burma. Rubber is available in Ceylon. India is the world's largest producer of shellac.

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10. Page 15, par. 2, line 1: This section is important and could be emphasized more. For example, Burma's rice is absolutely necessary to Ceylon, India, and Malaya.

11. Page 16, par. 2, line 7: UK investments in Burma have little value at the moment.

12. Page 17, par. 3, lines 3-9: Sentences might be changed to read: primitive methods of production, population pressure, waste and uneconomical use of land, however, have prevented the area from becoming self-sufficient in food. Production may be increased to the point of self-sufficiency by the application of modern technology particularly with respect to the use of chemical fertilizers, insecticides and improved varieties of seed, by the completion of proposed irrigation projects, and more effective distribution etc.

13. Page 18, line 5: Legumes should be added to the list of foods.

14. Page 18, line 13: It might be noted that many of the items listed are on the US list of strategic materials.

15. Page 19, Minerals and Mines: It should be noted that the known coking coal reserves are very limited -- not more than a fifty-year supply at the present rate of consumption.

16. Page 20, line 8: Suggest the phrase "military purposes" rather than "munitions purposes" to represent the wide variety of uses for mica in warfare.

17. Page 20, line 16: In connection with kyanite it might be stated that India has been the world's principal source of strategic grades of kyanite. An important new source of kyanite is being developed and exploited in Kenya.

18. Page 20, lines 18-21: "Deposits" would be more accurate than "important sources." "Tantalite columbite" should be added to the list and "phosphorus" changed to "phosphates."

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19. Page 20, lines 28-30: Burma was not the largest producer of wolfram; it was second only to China. Burma stood eighth (not fifth) in world tin production. It might also be noted that much of Burma remains to be explored for minerals.

20. Page 21, Petroleum: Burma's petroleum was of particular value to India. However, it is expected that it will be a number of years before Burma's oil fields are rehabilitated and expanded.

21. Page 21, par. 2, Petroleum, line 13: Suggest "(330,032 barrels in 1937)" be changed to "(300,000 barrels in 1946)". Line 16, suggest "85,000,000 gallons (over 3,000,000 barrels)" be changed to "about 2,430,000 barrels". Lines 21-22, suggest "276,000,000 gallons (about 10,650,000 barrels)" be changed to "about 8,000,000 barrels".

22. Page 23, lines 11-12: Present steel production is approximately one million tons per year; obsolescence of equipment, labor troubles, and transport difficulties are limiting factors.

23. Page 25, par. 5: The data given on the Bangalore airplane factory is misleading. Currently the factory produces neither engines nor aircraft; it does a limited amount of assembly and repair work.

24. Page 26, par. 4: Appreciable economic progress in Burma will be delayed until law and order are restored.

25. Page 31, Military forces: Burma's ground forces are closer to 40,000, not 23,000. India's ground forces are currently given as 294,000 not 241,000.

26. Page 38, Burma: Burma had an opportunity to secure supplies from the UK but delayed requesting them until after a deadline specified in their military agreement had passed. Many of Burma's requests have been casual and have not been coordinated with their military authorities. This section should be brought up to date. The Burmese government has been turned down but was advised to seek commercial sources of supply. The US has also indicated that it desires that arms procured in the US be used against Communists - not to build up private armies.

27. Page 40, lines 3-6: US aid extended at this time or in the near, predictable future must be given simultaneously to both India and Pakistan lest the one or the other be seriously alienated.

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